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IN THIS ISSUE:

Bank Mergers Point To Financial Restructuring In Japan 1

LDP Backs New Land Tax 4

Tokyo Building Support For NTT Shares 5

Construction Pact Teetering? 6

Legislators Use Recess To Continue Burdensharing Debate 8

Statistical Supplement 13

Bank Mergers Point To Financial Restructuring In Japan

Japan's financial institutions are restructuring from top to bottom. That seems to be the lesson to be learned from a series of recent merger announcements, regulatory activities and other changes unveiled in November.

The top story involved two banks that rank among the world's biggest, although neither is well-known in the United States. Kyowa Bank, Ltd. and Saitama Bank, Ltd. announced November 13 that they will merge effective April 1, 1991. The new bank will rank as the eighth largest in Japan as measured by loan volume. By itself Kyowa had ranked ninth, just behind Bank of Tokyo, Ltd. The new bank will be the 19th largest in the world.

The merger of the two, which both belong to the select group of 12 nationwide commercial banks known in Japan as city banks, comes on the heels of the April 1, 1990 merger between two other city banks, Mitsui Bank, Ltd. and Taiyo Kobe Bank, Ltd. (see JEI Report No. 35B, September 15, 1989). (Seven trust banks and three long-term credit banks complete the top tier of private

Trade and Payments Data

(in millions of dollars unless otherwise indicated)

	1988	1989	January-September 1989	January-September 1990	July 1990	August 1990	September 1990
Japan's Balance of Payments							
Trade Balance	$95,012	$76,917	$60,875	$45,274*	$5,416*	$4,121*	$7,730*
Exports (f.o.b.)	259,765	269,570	201,662	201,299*	23,333*	21,894*	25,102*
Imports (f.o.b.)	164,753	192,653	140,787	156,025*	17,917*	17,773*	17,372*
Current Account Balance	79,631	57,157	45,304	27,717*	2,019*	942*	4,559*
Long-Term Capital (net)	-130,930	-89,246	-57,972	-42,082*	-7,895*	-4,835*	5,719*
Overall Balance	-28,982	-33,286	-3,999	-10,100	-12,732	-150	10,785
International Reserves (end of period)	97,662	84,895	86,117	75,323	74,585	75,315	75,323
Japan's Customs Clearance Trade							
Trade Balance	77,563	64,328	49,941	41,531	5,387	3,465	6,919
Exports (f.o.b.)	264,917	275,175	205,423	206,207	23,949	22,442	25,854
Cars	38,671	38,804	29,366	29,928	3,303	3,068	3,798
Steel	15,322	14,789	11,264	8,991	1,064	1,042	1,003
Imports (c.i.f.)	187,354	210,847	155,482	164,676	18,562	18,977	18,935
Crude Oil	18,852	21,544	15,402	18,316	1,541	1,859	2,541
Manufactured Products	91,838	106,111	77,982	85,026	10,089	10,009	9,748
Japan-U.S. Trade							
Trade Balance	47,597	44,943	33,716	27,253	3,073	2,832	4,317
Exports (f.o.b.)	89,634	93,189	69,841	65,542	7,531	7,122	8,288
Imports (c.i.f.)	42,037	48,246	36,126	38,289	4,458	4,290	3,971
Yen-Dollar Exchange Rate (average for period)	Y128.15	Y137.96	Y136.27	Y149.46	Y149.28	Y147.42	Y138.99
U.S. Trade							
Trade Balance	-118,526	-109,399	-80,179	-72,065*	-10,510	-10,515	-9,658*
Exports (f.a.s.)	322,426	363,812	270,902	291,816*	30,729	31,664	31,317*
Imports (Customs)	440,952	473,211	351,081	363,881*	41,238	42,179	40,975*
U.S.-Japan Trade							
Trade Balance	-51,793	-49,059	-36,596	-29,390*	-2,966	-3,780	-3,055*
Exports (f.a.s.)	37,725	44,494	33,132	35,613*	4,220	3,918	3,992*
Imports (Customs)	89,518	93,553	69,728	65,004*	7,186	7,698	7,047*

*Preliminary

STATISTICAL SUPPLEMENT

Japanese Economic Indicators

(percent change from year-earlier period unless otherwise indicated)

	1988	1989	January-September 1989	January-September 1990	July 1990	August 1990	September 1990
Discount Rate (end of period)	2.5%	4.25%	3.25%	6.0%	5.25%	6.0%	6.0%
Outstanding Money Supply	11.2%	9.9%	9.9%	12.2%	12.2%	11.9%	12.0%
Industrial Production	9.5%	6.1%	6.9%	3.7%	7.0%	5.5%	5.3%
Manufacturing Operating Rate	5.9%	2.2%	2.9%	1.6%	4.3%	3.1%	2.5%
Number of Bankruptcies	-20.0%	-28.4%	-25.8%	-20.6%	-12.5%	-8.5%	-6.2%
Residential Construction Starts	0.6%	-1.3%	-2.5%	4.1%	6.3%	-0.1%	5.2%
Job Openings to Applications (ratio)	1.01	1.26	1.24	1.40	1.45	1.45	1.43
Nominal Wages	3.8%	4.7%	4.3%	5.1%	6.0%	3.4%	4.5%
Manufacturing Labor Productivity	11.5%	6.2%	8.9%*	2.2%*	n.a.	n.a.	n.a.
Wholesale Prices	-1.0%	2.5%	2.2%	2.1%	0.8%	1.1%	0.9%
Consumer Prices	0.7%	2.3%	2.2%	2.9%	2.3%	2.9%	3.0%
Yen-Based Export Prices	-2.2%	4.4%	3.9%	4.3%	2.3%	2.5%	-2.3%
Yen-Based Import Prices	-4.6%	7.7%	5.8%	8.0%	1.9%	3.6%	6.1%

*Through June of each year only.

For Japan's latest GNP figures, see JEI Report No. 37B, September 28, 1990.

NOTE

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PUBLICATION HAVE BEEN FILMED

Entire Issue